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UNCLAS SECTION 01 OF 03 AMMAN 007181

SIPDIS

SENSITIVE

DEPARTMENT FOR NEA/ARN - A. SCHEDLBAUER
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E.O. 12958: N/A

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SUBJECT: JORDAN BACKTRACKS SLIGHTLY ON PRE-SHIPMENT
INSPECTIONS; NEW TRADE MINISTER IS OPEN TO WORKING IT OUT

REF: A. AMMAN 6449

- [1](#)B. SAUMS-LAWLESS EMAIL (10/27/03)
- [1](#)C. LAWLESS-SAUMS TELCON (10/27/03)
- [1](#)D. SAUMS-MATALKA EMAIL (10/17/03)
- [1](#)E. USDOC 3249 (27 JUNE 2003)
- [1](#)F. AMMAN 808 --- ALL REFS NOTAL

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HANDLE ACCORDINGLY.

[1](#)1. (SBU) SUMMARY: The Jordan Institute for Standards and Metrology is wedded to its new Pre-Shipment Inspection (PSI) scheme, called DAMAN, while attempting to address potential WTO-related issues of national treatment and discrimination. Importers complain about the system that forces their counterpart supplier companies abroad to pass through a gauntlet of paperwork, potential lab tests, and inspections. Importers are none too pleased about paying as much as three dollars per thousand dollars of goods imported for the privilege of inspection (or USD 38 dollars per new vehicle inspection). A new complaint surfaces weekly about DAMAN's lack of transparency, high fees, or inconvenience to small and medium-sized enterprises.

[1](#)2. (SBU) SUMMARY CONTINUED: JISM Director General Ahmed Al-Hindawi claims that he will soon require inspections of products made by home industries initially exempted from the regime. At the same time, the JISM head hosted 11 neighboring states in a workshop on an "Arab Strategy for Standardization" at which EU-based Bureau Veritas (AKA BIVAC) was prominently hailed for its progress in the DAMAN program. Econoff on October 28 passed to Dr. Hindawi some preliminary observations on DAMAN (Ref B) which urged consideration of alternatives to the program. While the architect of the PSI program appears concerned about the effects on free trade of his consumer protection scheme -- and has offered "clarifications" -- he has not signaled he will do more than make cosmetic changes at the margins. However, when Ambassador raised the issue November 3 with Deputy Prime Minister and Minister of Industry and Trade Mohammad Halaqi, the DPM indicated he understood our concerns and suggested an approach to review the issues. If it were to proceed unchecked, DAMAN could grow in the region, and could be a foothold for EU-based standards as the preferred baseline, thus potentially disadvantaging free trade from other regions of the world to Jordan and other Arab states. END SUMMARY.

JISM HEAD DEFENDS DAMAN PROGRAM ...

[1](#)3. (SBU) In the meeting on October 28 also attended by Washington Jordan Embassy Commercial Officer Maher Matalka, Hindawi reviewed a four-page summary passed to him by Matalka (Ref D) that was based on Reftel (A). The background found in that report was accurate, Hindawi said, but a few points needed clarification. First, he said, if a product could be shown to meet certain BIVAC-promulgated, JISM-supported, or international standards, then it would automatically be eligible for a one-year, license-type approval. The inspection fees were clear, he said, and were no higher than 0.2 percent to 0.3 percent of the FOB cost of a shipment. The standards required were on the BIVAC website, he averred. If a company did not automatically meet the published standards and laboratory testing were required, he said, then a manufacturer in the U.S. could use any/any lab duly certified by any of 12 accreditation bodies in the U.S. Hindawi provided the list from the ILAC directory. (Post is faxing a copy to the desk.) Hindawi also stated that no U.S. company to date had been the subject of an unfavorable BIVAC "discrepancy report."

[1](#)4. (SBU) On the issue of National Treatment, Hindawi acknowledged that the Government of Jordan must address the planned exemption for national industries for the first four years, while JISM set up its own national labs. "We don't want to be in breach," he said, in an apparent reference to WTO standards on national treatment. The DAMAN program will be implemented on a national level, he claimed. If

manufacturers could not get proper testing done in Jordan then they would have to go to a lab in the region, he said. This national plan was not yet initiated, he continued. JISM would have to develop a schedule and a plan for national implementation of DAMAN. It would result in the issuance of a type-approval for one year, functioning in exactly the same manner as the requirement for foreign manufacturers shipping goods to Jordan, he stated. Hindawi at first said the issue would be "dealt with very fast and implemented very soon." He noted that the implementation in Jordan would be at the cost of national industries which would need to resort to outside labs. He claimed the industries had been notified about DAMAN through their national associations earlier in 2003 and they "fully support" DAMAN. (COMMENT: It is unclear whether these groups gave their consent for a DAMAN program that would be delayed in Jordan; they may not to date have been informed of DAMAN's immediate implementation nor of the potential costs. END COMMENT.) In a new twist among the objections raised by importers, one toy importer was quoted in the November 2 Jordan Times complaining the scheme will raise toy prices and favors rich consumers; the importer asked for DAMAN's simplification.

...BUT A "PLAN FOR A TIMELINE" ON NATIONAL TREATMENT

15. (SBU) When asked when DAMAN would be implemented in Jordan, Hindawi said "within the coming few weeks." By November 11, JISM would at least have initiated "a plan for a timeline," he stated. Commenting on other aspects of DAMAN, Hindawi gave assurances of equitable fees, protection of confidential business information, avoidance of unreasonable delays, and non-discrimination and transparency.

Bureau Veritas had taken out a performance bond, he noted, and could be penalized if they did not live up to their contract with the GOJ. When asked, he responded that the contract with BIVAC is not public information.

16. (SBU) Hindawi held a discussion October 19 with representatives of General Motors and Daimler Chrysler on the effects of DAMAN on new car shipments en route to Jordan that would not meet the baseline requirements adopted by JISM (50 standards harmonized to the EU standards, he noted). Hindawi volunteered that he would be sending a letter to those car manufacturers noting there would be a "grace period" for U.S. new vehicles "until our dialogue ends." He expected that the U.S. could meet a majority of the EU-based standards, in any event, but he also noted there might be a few exceptional areas, such as with U.S. cars' higher noise levels.

17. (SBU) Econoff passed to Dr. Hindawi a list of potential problems with DAMAN (Ref B) which parallel many of the points raised with GCC states in June (Ref E). Noting these were preliminary observations, some of which may be OBE by Hindawi's latest clarifications, Econoff stressed the need to address the list of concerns and to seek alternatives to DAMAN. Matalaka, noting that the two sides may have a few differences, some of which we could work out and others of which would remain differences between good friends, urged strongly that the issue not be elevated to higher levels. (NOTE: Matalaka was then going on to see newly installed Trade Minister Mohammad Halaqi. END NOTE.)

TRADE MINISTER RESPONDS TO AMBASSADOR'S CONCERN

18. (SBU) In a call on DPM and Trade Minister Halaqi November 3, Ambassador raised the DAMAN program and expressed concern about its potential effects on U.S. goods imported into Jordan. Halaqi conveyed his understanding of the issue and said that he would speak to Dr. Hindawi. He also noted that Jordan had to protect its consumers against faulty goods, giving the example of an untested electrical toy from China potentially not meeting a known safety standard. Halaqi proposed that both sides review the list of roughly 40 product categories covered under DAMAN's four main headings -- toys, electronics, vehicles, and safety devices -- and match them against the list of specific U.S. products already being imported into Jordan. With this information in hand, tailored solutions might be found for each product category, as had been done for U.S.-manufactured vehicles.

19. (SBU) COMMENT: Hindawi is strongly wedded to DAMAN, considering that he has put his name behind a GOJ contract with Bureau Veritas. The French company's offer to upgrade all JISM laboratories over the next four years must also play into JISM's support for the program. An October 22 workshop on an "Arab Strategy for Standardization" was attended by representatives of Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Libya, Palestine, Qatar, Saudi Arabia, Syria, and the UAE. During the meeting, Bureau Veritas was praised for its "remarkable and significant strides in progress." It would appear, however, that DPM and Trade Minister Halaqi is committed to finding a middle way that honors Jordan's FTA and WTO commitments.

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